

October 26, 2004

FAX (720) 962-7200

Mr. Michael HacsKaylo, Administrator
Western Area Power Administration (Western)
P.O. Box 281213
Lakewood, Colorado 80228-8213

Dear Mike:

Thanks for taking the time to meet with me and customer representatives last week. I appreciate your forthright follow-up letter.

Regarding the meeting notes (posted on the Western Desert Southwest's website (<http://www.wapa.gov/dsw/pwrnkt>), I believe three corrections need to be noted. They are:

1. The notes state in the second to the last paragraph that, "Several customer representatives stated ... that advance funding should be taken off the table." The unanimous view of the customer representatives attending the meeting and message they attempted to convey to you on advance funding was that *mandatory* advance funding was unacceptable – not the concept of advance funding in general. Indeed, Western seems to have understood the customer representatives clearly because the meeting notes also state: "A customer representative explained that voluntary advance funding was acceptable and worked well."

I trust that the exclusion of the word "mandatory" from the reference to "advance funding" in the second to the last paragraph of the notes was only a clerical error and not Western's understanding of the position espoused by the customer representatives on October 18, 2004.

2. The notes state at the end of the last paragraph that "...no one really wants this [Section 12] language, so is there really a need for this?"

Our meeting notes indicate, and our clear intent was to state, that so far, there appeared to be only *one* customer (Navopache) which has ever expressed any support for the concept put forth in Section 12, and that that their concern was generally an historical one.

We did not, nor did we intend, to make such a broad generalization as the "no one really wants this."

3. Finally, I believe that the reference to "sharp lawyering" at the top of page 3 in Western's notes got garbled in the translation. As I think (and hope) everyone heard, I didn't accuse Western of "sharp lawyering." To the contrary, I tried to use the term "sharp lawyering" in a self deprecatory manner in connection with my own reading of the Federal Register notices. I stated, or at least tried to state, that the inferences to be drawn from the table of Federal Register notices I handed out – that Western had neither established nor justified *mandatory* advance funding for existing Parker-Davis customers – were not just inferences drawn on the basis of "sharp lawyering" by me, but that they were clear (and wrong) inferences from the face of the notices.

Perhaps a correction on this point is not worth the effort, but when I make myself the brunt of a remark, I would hate for the record to become garbled.

Thanks again for meeting with us.

Sincerely yours,

Donald R. Allen

cc: Mr. Tyler Carlson
FAX (602) 352-2520